

4/10/89

Joe  
This is a copy of a package on Wisconsin Steel  
that I returned to Roger Grimes on 4/6/89

for the correction  
Bill memo made.  
Dan Byrke

ROGER M. GRIMES

Dave,

WEM 4/5  
Bill M  
→ Dan Bakk / Joe Byrke - one small revision is needed on p. 1  
You should be aware if you are not that the state of Illinois  
sent us a package of information last November or so requesting  
that EPA take some action at the Wisconsin Steel plant because  
the old RCRA administrative order which we entered with Cuyahoga  
Wrecking (EDA's demolition contractor) had failed to bring the  
property into RCRA compliance. Your division had assigned  
Dan Bakk to work on the case, but the more recent developments  
have sort of overridden that effort. I don't believe that  
anyone from your shop is assigned to the larger policy-strategy  
issues concerning EDA's interests now. That's why I am sending  
this directly to you and GEd.

RMG *RMG*

4-3-89

Karl / Bill M

Please send on to Mary G +  
Bill C when you have initialled.

EPA Region 5 Records Ctr.



357067

Thank,

Dave

4/4

ROGER M. GRIMES

1. Faletto *JF 3/29/89*
2. M. Smith
3. Elam
4. Schaefer *MG 3-29-89*

This is a letter resulting from the Region's discussions with the Economic Development Administration regarding the old Wisconsin Steel plant. EDA has been interested in entering an agreement with us (EDA is an "operator" of the facility) for the cleanup of the site. After a cleanup, EDA will try to sell the site and recoup some of the monies lost when the loan they made to EnviroDyne to buy the plant went bad. EDA is primarily interested in fashioning an agreement under which they could then go against Navistar (which owned and operated the mill for 75 years as a division of International Harvester) for contribution. It is an extremely complex situation which I would be happy to explain if you want more detail.

I had earlier sent a draft of this letter to Ken Westlake who took it to Covington and Covington approved it.

RMG *Rmly*

3-15-89



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY

REGION 5

230 SOUTH DEARBORN ST.

CHICAGO, ILLINOIS 60604

REPLY TO THE ATTENTION OF:

Mr. Michael Oberlitner  
Acting Deputy Assistant Secretary  
for Loan Programs  
United States Department of Commerce  
Washington, D.C. 10230

RE: Wisconsin Steel Facility

Dear Mr. Oberlitner:

I enjoyed our opportunity to meet on February 16, 1989 to discuss the concerns of the Economic Development Administration (EDA) relating to the old Wisconsin Steel plant site here in Chicago. Since that meeting we have had an opportunity to review in closer detail several of the issues we discussed and would like to update you about our positions with this letter.

As I understood it, one of the key elements driving this situation is the possibility of EDA's selling the Wisconsin Steel property to third parties who contemplate the construction of a large refuse burning facility and industrial park. One of the factors significantly affecting the viability of that sale is that the site be "clean" prior to its sale. With that in mind, I further understand that the timing of such a sale is dependent on the cleanup of the site in a relatively short time; i.e. by late 1990.

After reviewing the circumstances, it is my frank view that the likelihood of completing a government approved site cleanup within that time is remote. Typically, a CERCLA site cleanup for a site listed on the National Priorities List (NPL) ~~the cleanup~~ takes far longer; something in the range of 4 to 6 years. This timeframe includes Remedial Investigation and Feasibility Studies, and design of the remedy, in addition to actual cleanup activities. While the Wisconsin Steel site is not on the NPL, and therefore may not be subject to quite as stringent cleanup procedure, I still believe that any thorough cleanup of the Wisconsin Steel facility will in all likelihood take longer than the end of 1990.

Another focus of our discussion was a mechanism through which EDA could agree with EPA on how a cleanup of the Wisconsin Steel site should be accomplished, and who should pay for any such cleanup. On that issue we pointed out to you that it would be possible to enter into an Interagency Agreement which would set forth the

responsibilities of our two Agencies as they relate to a Wisconsin Steel facility cleanup. We certainly would be willing to talk about that possibility further if you desire.

However, there are certain restrictions on our authorities that would impact any such discussions. First, Section 111(e)(3) of CERCLA, 42 U.S.C. 9611(e)(3), requires that:

No money in the (Hazardous Waste Trust) Fund shall be available for remedial action, \*\*\* with respect to federally owned facilities; \*\*\*

When working with sister Agencies, EPA policy in implementing that provision has been to enter into Interagency Agreements calling for the sister Agencies to undertake the remedial activities at those sites with EPA oversight. As an alternative, we have sometimes entered into Interagency Agreements providing that EPA will undertake the cleanup activities itself, but with the agreement that the sister Agency will reimburse (on a dollar for dollar basis) the EPA for the funds expended. We could discuss the specifics of this sort of arrangement further if you would like.

As you may be aware, Section 120(a)(1) of CERCLA provides:

Each department, agency, and instrumentality of the United States \*\*\* shall be subject to, and comply with, this chapter in the same manner and to the same extent, both procedurally and substantively, as any nongovernmental entity, including liability under section 9607 of this title.

Consequently, it is our belief that should EDA and EPA make an agreement calling for a full cleanup of the Wisconsin Steel site, EDA would then get the benefit of contribution protection afforded to persons who resolve their liability with the EPA. As you know, the contribution section of CERCLA also allows a person who resolves its liability with the EPA to seek contribution from other responsible parties for the response costs incurred at the site.

Should you desire to discuss any of these issues or positions further, we would be happy to accommodate you. Please contact either Ken Westlake (312) 353-1327 or Roger Grimes (312) 886-6595 to arrange any further discussions.

Sincerely yours,

Frank M. Covington  
Deputy Regional Administrator